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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

ADMINISTRATIVE AND LEGAL COMMITTEE

Thirteenth Session
Geneva, April 4 and 5, 1984

THE CONCEPT OF NOVELTY IN THE CASE OF HYBRIDS AND THEIR PARENT LINES

document prepared by the Office of the Union

Introduction

1. At its twelfth session, the Administrative and Legal Committee examined the concepts of "offering for sale" and "marketing" in relation to the concept of novelty. It decided to examine the question of hybrids and their parent lines in more detail at its thirteenth session, on the following bases:

(i) updated documentation;

(ii) the decision of the Court of Appeal of Paris of October 17, 1983, as regards the grant of a variety certificate;

(iii) an enquiry into the existence of national catalogues (national lists of varieties approved for marketing) or commercial catalogues for such lines in the member States.

2. The discussions on the above question are reported in paragraphs 26 to 29 of document CAJ/XII/8 Prov.

General Cases

3. At its twelfth session, the Committee approved the conclusions reached by the Office of the Union on the basis of the replies received from twelve member States in response to the following questions:

1. What terms are used, in the national law, in the provisions concerning novelty within the meaning of Article 6(1)(b) of the Convention, to express the concept of offering for sale and marketing?

2. What is the interpretation given to those terms when dealing with borderline cases such as multiplication contracts involving a transfer of possession--but not of ownership--of the seed used as a basis for multiplication?

4. The replies from three further States were not taken into account by the Office of the Union in drawing up the above-mentioned conclusions since they were not received until document CAJ/XII/3 had already been prepared. If these three replies are included and developments since the twelfth session of the Committee are taken into account, the following conclusions can now be proposed:

(i) Various terms are used in legislative texts to convey the notion of offering for sale or marketing. One should, however, avoid the temptation of concluding that the different terms necessarily cover different situations, and indeed conversely that identical terms cover identical situations, from State to State (paragraph 5(i) of document CAJ/XII/3). A typical example is the fact that French law makes a distinction between sales under civil law and sales under commercial law, whereas the other legislations do not do so.

(ii) The decision of the Court of Appeal of Paris of October 17, 1983,* is the only one that exists in this field. However, it concerns what is in fact a rather special case of lines incorporated in a hybrid formula. Apart from which, it is possible in some cases to refer to case law that has evolved in neighboring areas (notably in patent law) (paragraph 5(ii) of document CAJ/XII/3).

(iii) The legislation of the United Kingdom, for instance, expressly excludes two cases from the area of application of the rule on novelty:

(a) offering for sale and sale of material of the variety in relation to offering for sale and sale of the right to protection;

(b) offering for sale and sale of material of the variety under certain conditions for the purposes of increased seed or seedling stocks (multiplication contracts) or testing (paragraph 5(i) of document CAJ/XII/3).

(iv) Logically, the first case should be excluded in all member States otherwise no transfer of the right to protection from the breeder to the assignee would be possible by contractual means (paragraph 5(iv) of document CAJ/XII/3).

(v) Generally speaking, at least in those States whose representatives have taken a position on the question, multiplication contracts are also, or should also be, excluded from the area of application of the rule on novelty. However, that exclusion appears to be subject to the fulfillment of a certain set of conditions in the multiplication contract (paragraph 5(v) of document CAJ/XII/3). The simplest case, in which the multiplication contract does not transfer property in the initial seed and the seed produced is transferred back to the breeder, would not appear to present any difficulties and not cause any detriment to novelty.

(vi) In general, every contract (whether a multiplication contract, a transfer contract or any other kind of contract) had to be considered on its own to check whether it implied marketing (second sentence of paragraph 27 of document CAJ/XII/8 Prov.).

(vii) Two replies should be mentioned in view of their special nature:

(a) In the United States of America, novelty (in the broader sense) depends, inter alia, on whether "public use" has taken place. Case law in respect of patents for invention has extended the concept of public use to cover secret use. Secret utilization of a process or of a tool in order to manufacture a commercially marketed product, that has taken place earlier than one year prior to filing of the patent application, prevents the grant of a patent even where the product does not allow utilization of the process or of the tool to be identified.

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* Not reproduced since the decision is not yet final.

(b) In Israel, novelty makes reference to the concept of "utilization" which is defined as "the cultivation, propagation or marketing of the material" (see Annex VI to document CAJ/XII/3).

The Case of Hybrids and Lines

5. Explanation of the problem. - In the case of a "normal" variety, a wheat line for instance, the breeder exploits the variety as a rule by selling seed of the variety (that has first been multiplied) to farmers. Since the concept of novelty makes use of the concepts of offering for sale and marketing, it is therefore related to the commercial exploitation of the variety. Nevertheless, cases are conceivable where this relationship does not exist. An extreme example would be the case of the breeder himself producing the final product (e.g., in the case of dried spices). If novelty is only assessed on the basis of offering for sale and marketing of the propagating material of the variety, without taking into account any other product, in such case the right to protection will not be impaired. Thus, a breeder could still apply for protection for a variety despite the fact that it is commercially exploited (by the breeder himself). This result can be prevented, however, if national law not only lays down that the offering for sale or marketing of propagating material is detrimental to novelty but also that of other harvest produce, so that at least the marketing of the final product would result in the loss of novelty in such case.

6. In the case of inbred lines contained in the formula of a hybrid, things are rather different. Normally, the relevant commercial exploitation of such a line takes the form of marketing to farmers the hybrid seed (and only that) that has been obtained by crossing. Multiplication of the seed of the inbred line and production of hybrid seed is first carried out by a small number of specialized farmers, the multipliers, under multiplication contracts concluded with the breeder. Where seed of the inbred line is transferred to the multiplier under legal circumstances such that it can be considered marketing (as is the rule) no problem arises. The inbred line loses its novelty when transferred to the multiplier (or when offered for such purposes) that is to say, in any event, prior to the marketing of the hybrid seed for which, therefore, no protection rights can be claimed.

7. A problem can arise, however, where the breeder multiplies the variety himself or transferred the seed to the multiplier under ingenious legal conditions making it doubtful under the applicable national law whether there has been marketing in connection with the multiplication. Where the applicable law does not in fact consider the result of such multiplication terms to constitute marketing at that level, a further question arises as to whether subsequent marketing of the hybrid seed automatically means that the inbred line is deemed marketed--and therefore no longer new. As already mentioned above, Israeli law and the case law of the United States of America would seem to hold out a possibility. Where such automatic loss of novelty of the inbred line does not occur as a result of the marketing of the hybrid seed, the result would be that the breeder of the variety could not only derive full commercial benefit from the inbred line he has produced but could also obtain a monopoly for that line many years later (naturally subject to the other requirements for grant of protection still being complied with, for instance, the line had not been applied for by anyone else (parallel breeder) or had not become a matter of common knowledge). This result, that is to say the possibility of full commercial exploitation of a line without loss of novelty, is held by a number of government experts to be unacceptable and it has been asked what remedy could be found.

8. At this juncture, however, it must be pointed out that the situation described--as set out in paragraph 5 above--can also occur for "normal" varieties in certain countries, particularly where the breeder keeps the production and marketing of the final product in his own hands and the applicable national law does not consider the marketing of the final product as detrimental to novelty. It would seem, however, that contrary to the case described in paragraph 5, there is a greater economic interest in applying for protection for inbred lines at an even later point in time, despite the fact that they have already been used for the commercial production of a hybrid variety, since they can frequently also be used as parent lines for further hybrid varieties. Furthermore, the case described in paragraph 5, as already mentioned, can be solved in a simple way by deeming the marketing of the final product to be detrimental to novelty.

Legal Possibilities for Resolving the Problem

9. In order to resolve the problem under discussion (assuming that this is felt necessary) there are basically two statutory possibilities:

(i) First possibility. - The concepts of offering for sale and marketing used in the Convention are interpreted by the national lawmaker, who converts these provisions of the Convention into national law, or by the domestic courts in a further--economic--sense to make them comprehend not only the normal contractual type of sale but also transferring seed in any other legal form (for instance, under a service contract). Such an interpretation would not be new. The Swiss delegation has already referred in its comments to the interpretation of the concept of offering for sale given by Troller (Immaterialgüterrecht, page 74, paragraph 2) according to which any act indicating the availability for transfer of a variety is to be regarded as offering for sale. In that connection, the type of offer (specific offer, prospectus, advertisement in the press, display), the number of persons affected and the legal form of the transfer (sale, loan, gift, exchange) are irrelevant (see Annex IX to document CAJ/XII/3). It should also be remembered that when the Convention was drafted at the Diplomatic Conference of 1957-1961, when discussing the more or less related problem of the scope of protection in the case known to the members of the Committee of the canning factories that have the multiplication of seed for peas and beans and simultaneously the production of the final product carried out by partners under contract, the opinion was expressed that the concept of marketing was to be understood in an economic and not in a strictly legal sense (Actes des Conférences internationales pour la protection des obtentions végétales, 1957-1961, 1972, page 44).

(ii) Second possibility. - The offering for sale and marketing of hybrid seed is interpreted as also covering offering for sale and marketing of inbred lines. The majority of the Committee has already spoken against this solution and it would not seem to be a practice in most of the member States, at least at present. The question whether an interpretation of this kind would be admissible under the national law must be judged by the member States. As already mentioned on a number of occasions, the law, or at least the case law, of Israel and of the United States of America would seem to make such a solution possible.

10. The following comments may be made on the two possible solutions, which are not mutually exclusive (the second possibility could perhaps be used as a "safety net"): the solutions differ insofar as the second possibility enables the breeder to apply for protection for the inbred line until the hybrid seed has been offered for sale and marketed. This means that the term of protection for the inbred line is shifted in time, that is to say is extended since it has in fact already been economically exploited by multiplication. On the other hand, the simultaneous duration of protection for the inbred line and the hybrid variety could also have practical advantages.

11. In the interests of completeness, it should perhaps be mentioned that the matter constituting the subject of this document cannot be examined in isolation. Loss of novelty of an inbred line cannot only be invoked against the breeder himself but also of course against any further person (parallel breeder) who applies for protection for the line. This should not lead to any problems since cultivation of the line as a rule means that it has already become a matter of common knowledge and no-one else can therefore obtain protection. The following aspect is perhaps important, however: the assessment of what is detrimental to novelty, however undertaken, would not remain without implications for the interpretation of the concept of marketing when determining the scope of protection of the protected variety in the courts. In other words, a court that held that marketing of the hybrid variety also implied loss of novelty of the inbred line, would logically tend to acknowledge that the owner of the rights in the hybrid variety also had an exlusive right in the marketing of the inbred line.

The Significance of the Biological Composition of a Hybrid Seed

12. The question was raised at the twelfth session of the Committee as to whether loss of novelty of an inbred line in the event of the hybrid variety having been marketed did not occur as a result of the biological composition of the hybrid seed. It was pointed out that when F1 seed was sold this meant that the genotype of the hybrid had been sold as an embryo and the genotype of

the female line as the rest of a seed. However, the conclusion drawn would not seem convincing since the presence of the genotype of the female line in the hybrid seed does not permit a whole plant of that genotype to be produced since the line is not made available to other parties. In any event, the argument can only be applied to female lines that compose a simple hybrid (F_1). On the other hand, the presence of self-fertilizing seed, that is practically unavoidable and is also tolerated to a certain extent in the certification process, could provide an argument for the loss of novelty of inbred lines. It is a fact that such seed permits another party to "reconstitute" the parent lines in a relatively simple way. However, such a party suffers the disadvantage of limited usability, in this case depending on the type of the hybrid (or to be more precise, the male and female line of a simple hybrid and the male hybrid of a three-way hybrid). The lawyers will indeed point out that the, reconstituted, line has not be offered for sale or marketed as such and in no event with the approval of the breeder.

The Significance of the Catalogues

13. The results of the survey decided upon at the twelfth session of the Committee may be summarized as follows:

(i) In none of the States that had replied to the survey at the time this document was drawn up (Belgium, Federal Republic of Germany, Ireland, Japan, New Zealand, Sweden, Switzerland, United Kingdom, United States of America) were there national catalogues (lists of varieties approved for commercial marketing) for lines constituting a component of a hybrid formula. The following additional information had been given:

(a) In the Federal Republic of Germany, the general provisions on varieties are also applicable to lines. Such lines must be registered in the catalogue if they are to be marketed for commercial purposes.

(b) In Belgium, although maize lines can in principle be included in the catalogue, they are not to be found there since they do not as a rule satisfy the requirements as regards the value for cultivation and use.

(c) In the United Kingdom, it was being examined whether lines could be included in the catalogue.

(ii) In the countries referred to, there were no commercial catalogues, with the exception of the United States of America where certain research institutes that were subordinate to a university or to one of the States, made their lines available to the general public. In addition, certain lines could be of value as commercially marketed varieties and therefore appeared in commercial catalogues as varieties.

14. The existence of catalogues has the following significance:

(i) In the case of national catalogues (lists of varieties approved for commercial marketing), entry of a list in these catalogues has no effect on novelty; this is explicity said in the second part of Article 6(1)(b) of the Convention (1978 Act). This also applies even for the certification of seed of the lines since certification precedes commercial marketing.

(ii) In the case of commercial catalogues, entry in all cases has the effect of offering for sale and should therefore be taken into account when examining for novelty.

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